

Introduced by Senator Vargas

February 9, 2011

An act to amend Section 21200 of the Financial Code, relating to pawnbrokers.

LEGISLATIVE COUNSEL'S DIGEST

SB 217, as introduced, Vargas. Pawnbrokers.

Existing law prohibits a pawnbroker from charging or receiving compensation at a rate exceeding 2.5% per month on that portion of the unpaid principal balance of any loan up to, including, but not in excess of \$225. For other loan amounts, existing law prohibits a pawnbroker from charging or receiving compensation at a rate exceeding specified amounts based upon the unpaid principal balance of the loan.

This bill would revise these limits on pawnbroker compensation and would, instead, prohibit a pawnbroker from charging or receiving compensation at a rate exceeding 2.5% per month on the unpaid principal balance of any loan.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 21200 of the Financial Code is amended
- 2 to read:
- 3 21200. (a) Except as otherwise provided in this chapter, no
- 4 pawnbroker shall charge or receive compensation at a rate
- 5 exceeding the sum of the following:

1 (1) Two and one-half percent per month on that portion of the
2 unpaid principal balance of any loan up to, including, but not in
3 excess of two hundred twenty-five dollars (\$225).

4 (2) Two percent per month on that portion of the unpaid
5 principal balance of the loan in excess of two hundred twenty-five
6 dollars (\$225) up to, including, but not exceeding nine hundred
7 dollars (\$900).

8 (3) One and one-half percent per month on that part of the
9 unpaid principal balance in excess of nine hundred dollars (\$900)
10 up to and including, but not in excess of, one thousand six hundred
11 fifty dollars (\$1,650).

12 (4) One percent per month on any remainder of the unpaid
13 principal balance in excess of one thousand six hundred fifty dollars
14 (\$1,650).

15 (5)

16 (2) A charge not exceeding three dollars (\$3) a month on any
17 loan when the monthly charge permitted by this section would
18 otherwise be less than that minimum charge.

19 (b) One month's interest may be charged for any part of the
20 month in which pawned property is redeemed.